

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2000-747

October 24, 2000

VERIZON NEW ENGLAND INC.
D/B/A VERIZON MAINE
Request for Approval of Affiliated
Interest Transaction for the Transfer
Of Advanced Services Operations to
A Structurally Separate Affiliate

STIPULATION

Verizon New England Inc. d/b/a Verizon Maine (“Verizon ME”) and the Public Advocate, the parties to the above referenced proceeding, hereby submit this stipulation pursuant to § 740 of the Rules of Practice and Procedure (Chapter 110) of the Maine Public Utilities Commission (“Stipulation”). In support of the Stipulation, the parties state as follows:

1. On September 1, 2000, Verizon ME filed a Petition with the Commission seeking its approval to the extent required, under §§ 1101, 1104, 707 and 708 of Title 35-A, for authority to transfer certain assets used in the provision of advanced services in Maine to a separate Verizon affiliate, Verizon Advanced Data Inc. (“VAD”).

2. The transfer of assets described in the Petition is being undertaken by Verizon ME to comply with the conditions required by the Federal Communications Commission (“FCC”) in connection with its approval of the merger between Bell Atlantic and GTE. *See In re Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee for Consent to Transfer Control of Domestic International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum and Order, CC Docket No. 98-184, FCC 00-221 (rel. June 16, 2000) (“FCC Merger Order”).

3. The FCC determined that requiring Verizon ME, and the other Verizon operating telephone companies, to establish a separate affiliate to provide advanced services would benefit the competitive environment by assuring that competitors would obtain nondiscriminatory access to facilities and services necessary to provide advanced services. Specifically, the FCC stated that:

[e]stablishing an advanced services separate affiliate will provide a structural mechanism to ensure that competing providers of advanced services receive effective, nondiscriminatory access to the facilities and services of the merged firm's incumbent LECs that are necessary to provide advanced services. Because [Verizon's] own separate affiliate will use the same processes as competitors, wait in line for collocation space, buy the same inputs used to provide advanced services, and pay an equivalent price for facilities and services, the condition should ensure a level playing field between Bell Atlantic/GTE [now Verizon] and its advanced services competitors.

FCC Merger Order at ¶ 261.

4. The transaction proposed by Verizon ME in its Petition will facilitate the provision of advanced services by Verizon through a separate affiliate and will have no adverse impact on the quality or level of advanced services received by Maine customers.

5. As set forth in Title 35-A, §707(3)(D) and §708 (2-A), the Commission may approve the transaction described in the Petition while preserving fully all of its ratemaking authority over the intrastate revenues, expenses, and investments associated with the transfer of assets described in the Petition and to determine that those revenues, expenses, and investments may be considered in a rate proceeding involving Verizon ME. Whether any such adjustment to Verizon ME's intrastate operations should be made will be determined, if necessary, in a subsequent Commission proceeding. The parties expressly agree that Commission approval of this Petition shall neither expand nor curtail the Commission's ratemaking powers to consider or adopt such an adjustment.

6. Accordingly, the parties hereby agree that the proposed transfer of assets to be used by VAD in its provision of advanced services is in the best interests of Maine ratepayers and will promote the public interest.

THEREFORE, based on and subject to the terms and conditions set forth in the foregoing paragraphs, the parties hereby respectfully request that the Commission approve Verizon ME's September 1, 2000 Petition.

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